CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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COUNTRY	East	Germany		REPORT		1
		Istry for General Machine Construction:		DATE DISTR.	23 September 1955	25X
	Zinc	Shortages		NO. OF PAGES	2	
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Kuchlerbaender - brass sheets and sine ingot material, etc.) during the first weeks of June had reached a crucial point for the motor vehicle and vehicle parts plants. VEB Buntmetalle Hettstedt and the Berliner Metall-huetten- und Halbaeugwerke were particularly delinquent, despite allocations and contract obligations.

2. As a result, substantial production difficulties had developed, particularly in the radiator plants, the die-casting works, and the carburator plants. A production breakdown in these areas would be unavoidable by mid-July unless immediate help were found. And these particular plants were the ones which had fulfilled and overfulfilled, their plans and delivery obligations during the first months of 1955 and were achieving notable success in the profitability (Rentabilitaet) drive.

- 3. One immediate result of the shortage had been the mondelivery of a politically important, special export order of radiators which could not be delivered as scheduled on 30 June because the brass tape (Messingthender) from bettstedt was missing. The order was complete except for the tape. Furthermore, the Soviet Union would not accept a delivery of transmission machinery (Triebverkssachen) tied in with this order, even though this machinery had been completely ready for some time. Thus the economy faced an additional loss of about 1,000,000 PME. The losses would mount in July when it would also be impossible to equip motor vehicles for export with radiators. This would mean the vehicle would be left standing, complete except for radiators:
- 4. Negotiations between the Ministry for General Machine Construction and the Ministry for Foreign and Domestic Trade had been of no assistance, according to Wunderlich. The Ministry for Foreign Trade took the stand that the situation stemmed from the fact that only 5,490 tons of the planned 7,100 tons of sinc to be imported had actually been delivered during the first half of 1955.

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25X1 SECRET No sinc at all had arrived since 6 June 1955. Arrears in deliveries amounted to: 600 tons from the Soviet Union 300 tons from Poland 500 tons for China 400 tons from Rumania 5. Because he was unable to remedy this situation, Minister for Foreign Trade, a) that all stocks of sinc on hand be put to use, b) that the eld sinc matrices (Zinkformen) be recast, and c) that the state reserves be opened. To this suggestion, Wunderlich replied that in the field of general machine a) there were no further stocks on hend, b) the old sinc matrices at the Berliner Vergaserwerk had been used, and c) the state reserve was exhausted. Wunderlich recommended using diplomatic approaches if necessary to induce 6. As a stopgap measure, the Ministry for General Machine Construction had instituted a check on all mine supplies already in the production process. That way, up to 25 June, Wunderlich had been able to obtain 10 tons for the VEB Druckguss, Berlin-Weissensee, so that an almost complete work stoppage held off for la days. 7. Furthermore, with the agreement of the State Planning Commission, the following immediate measures had been put into effect: 25X1 b) For the immediate future, sinc die-casting scrap would be sent directly to the die-casting works, by-passing VHZ Schrott und Umschmelsung. And in addition, even finished sine dis-cast products - from the spare parts stock of DHZ Maschinen and Fahrseuge, for example - could be employed for casting if the actual and anticipated market conditions showed that stocks were in excess of the coming half year's requirements, 8. Wunderlich added that his Ministry would exhaust every possibility to alleviate the situation for the next two or three weeks at least. However, he pointed out that these measures would affect only the zinc die-casting area and thereby carburgtor production. only. He asked Minister President Grotewohl to intervene personally to remedy the situation. 25X1 Presumably for the USSR. 1 25X1

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